DOCUMENT RESUME

ED 470 368 CE 083 229

TITLE	Assisting Laid-Off Workers in a Changing Economy. Issue Brief.
INSTITUTION	National Governors' Association, Washington, DC. Employment and Social Services Policy Studies Div.
PUB DATE	2002-02-26
NOTE	19p.
AVAILABLE FROM	For full text: http://www.nga.org/cda/files/ASSISTINGIB.pdf. For full text of appendixes: http://www.nga.org/cda/files/ASSISTINGAPPENDIXA.pdf. For full text: http://www.nga.org/cda/ files/ASSISTINGAPPENDIXB.pdf.
PUB TYPE	Information Analyses (070)
EDRS PRICE	EDRS Price MF01 Plus Postage. PC Not Available from EDRS
DESCRIPTORS	Adult Education; Agency Role; Career Counseling; Coordination; Counseling Services; *Dislocated Workers; Education Work Relationship; Educational Finance; Employment Patterns; *Employment Services; Federal State Relationship; Financial Support; *Job Layoff; Job Placement; *Job Training; Labor Force Development; Models; Needs Assessment; Outplacement Services (Employment); Postsecondary Education; Program Development; Regional Planning; *Retraining; *Statewide Planning; Strategic Planning; Systems Approach; Unemployment; Unemployment Insurance; Vocational Education; Web Based Instruction
IDENTIFIERS	Electronic Learning; *Reemployment

ABSTRACT

Faced with worker displacement stemming from a changing economy, states are acting to soften the economic impact of displacement on affected individuals and businesses. Key strategies and practices are as follows: (1) anticipating layoffs by analyzing economic and labor market trends (using data to anticipate layoffs; developing an early warning network to trigger services); (2) averting layoffs by mobilizing workforce and economic development resources (implementing business retention strategies; partnering with economic development agencies; promoting short-term compensation as an alternative to layoffs; increasing incumbent worker training); (3) helping dislocated workers find new jobs as quickly as possible through community partnerships and improved assessments (developing regional approaches to providing reemployment services; establishing broad-based partnerships to reemploy dislocated workers; developing new models to expedite reemployment); and (4) training laid-off workers for new jobs and careers by exploring flexible training strategies and drawing on various federal and state resources (designing flexible, demand-driven education and training programs; exploring e-learning options; implementing employer-focused, industry-based training; assembling training resources for multiple funding streams; providing tuition assistance to dislocated workers; using flexibility within unemployment insurance to provide training and offer extended income support). Forty-four selected state strategies for assisting dislocated workers and descriptions of nine tools for policymakers are appended. (Contains 10 endnotes.) (MN)

Reproductions supplied by EDRS are the best that can be made
from the original document.

ED 470 368

Issue Brief

NGA Center for BEST PRACTICES

Employment and Social Services Policy Studies
Contact: Neil Ridley, 202/624-5319
February 26, 2002

Assisting Laid-off Workers in a Changing Economy

Summary

Every year, millions of workers lose their jobs because of layoffs, business closures, or other economic reasons. These job losses touch individuals at all education and skill levels, affect diverse industries, and tend to worsen when the economy slows. During 2001, permanent job losses increased sharply as the economy entered a recession.

Faced with recent and long-term displacement, states are taking steps to soften the economic impact on affected individuals and businesses. Key state strategies include:

- anticipating layoffs by analyzing economic and labor market trends;
- averting layoffs by mobilizing workforce and economic development resources;
- helping dislocated workers find new jobs as quickly as possible through community partnerships and improved assessments; and
- training laid-off workers for new jobs and careers by exploring flexible training strategies and drawing on various federal and state resources.

This *Issue Brief* is based on the results of a survey the National Governors Association (NGA) Center for Best Practices conducted in fall 2001. More than 30 states reported information on policies and program options for dislocated workers (i.e., individuals who have been laid off and are unlikely to return to their previous job or industry). The responses illustrate long-standing practices as well as recent initiatives. Appendix A details selected state strategies for assisting dislocated workers. Appendix B lists program and policy tools for state policymakers.

Trends in Worker Displacement

In a dynamic, knowledge-based economy, individuals across the economic spectrum face the risk of displacement or involuntary job loss. During the late 1970s and 1980s, the typical dislocated worker tended to be a blue-collar manufacturing worker with no more than a high school education. During the past 10 years, however, the risk of permanent job loss has risen for white-collar and more educated workers and has affected more industries.[1]

Worker displacement not only is being experienced more widely, but also is ongoing in an economy that continually creates and eliminates jobs. During the late 1990s, at the peak of the recent economic expansion, about one of every five large U.S. employers reported downsizing their workforces. In addition, more than a third reported simultaneously creating jobs in some divisions while shedding jobs in others.[2]

CE0083229

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
This document has been reproduced as received from the person or organization originating it.
Minor changes have been made to improve reproduction quality
Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL IN MICROFICHE, AND IN ELECTRONIC MEDIA FOR ERIC COLLECTION SUBSCRIBERS ONLY, HAS BEEN GRANTED BY
K. Skidmore-Williams
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

BEST COPY AVAILABLE

Worker dislocation tends to accelerate during economic downturns. As the U.S. economy slowed in 2001, the number of individuals who lost jobs and were not likely to be recalled climbed by about 1.7 million.[3] At the same time, large-scale layoff events tracked by the Bureau of Labor Statistics jumped by more than 45 percent between 2000 and 2001.[4]

In response to recent job losses and long-term trends in dislocation, states are devising and implementing strategies to assist dislocated workers. Key state strategies include anticipating and averting layoffs, promoting rapid reemployment, and training laid-off workers for new jobs and careers.

Anticipating Layoffs

To "get ahead of the curve," states are using information to anticipate worker dislocations and prepare effective responses before layoffs occur. Early identification of potential job losses provides states with time to mobilize resources, explore layoff aversion strategies for affected firms, and facilitate the reemployment of affected workers.

Using data to anticipate layoffs. States are monitoring economic and labor market trends and are using information to anticipate substantial layoffs. **Florida** draws on economic and labor market projections to identify industries and occupations at the state and regional levels that are likely to decline over the long term. Using this analysis, state workforce officials can target services in advance of layoffs. **Washington** compiles reports on potential layoffs and distributes them regularly in an electronic alert to state and local partners.

Information Sources for Projecting Layoffs

States can use these information sources to anticipate layoffs:

- data available through Bureau of Labor Statistics programs;
- advance notifications of plant closings and substantial layoffs required of employers under the Worker Adjustment and Retraining Notification Act; and
- private-sector economic surveys and reports available through chambers of commerce, economic development agencies, Dun and Bradstreet, *economy.com*, and other sources.

Developing an early warning network to trigger services. States also are organizing formal networks of businesses, unions, local elected officials, and government agencies that provide advance warning of business failures and worker dislocation. In **Pennsylvania**, for example, regional networks of state and local stakeholders provide informal referrals about troubled firms and track indicators of business distress, such as hiring freezes, slow or delayed payment of bills to suppliers or vendors, and lost contracts.[5]

Averting Layoffs

In a fast-moving economy, business closures and substantial layoffs are likely to occur and are frequently difficult, if not impossible, to prevent. Nevertheless, it is sometimes possible to avert a major dislocation.[6] Although opportunities to forestall job losses are limited, states are using Workforce Investment Act (WIA), economic development and other resources to assist threatened firms and retain jobs.

Implementing business retention strategies. Once at-risk businesses are identified through an early warning network or other means, states can use business retention strategies to help avert business closings and substantial layoffs. These strategies include:

- exploring options for management or employee buy-outs or sale to other parties;
- planning for succession in a family-owned firm;
- assisting with business financing; and
- restructuring the business.

For example, **Michigan**, **Vermont**, and other states use state-level WIA funds to conduct prefeasibility studies that analyze the viability of distressed businesses and determine the potential for employee buy-out or other purchase options.

Partnering with economic development agencies. States are combining workforce and economic development resources to maximize the impact of business retention and other layoff aversion services. Some states, such as **Missouri** and **New Hampshire**, have integrated the unit responsible for delivering rapid reemployment services to dislocated workers into the agency responsible for business retention and economic development services. These agencies are well positioned to provide at-risk businesses with economic development resources that can be used to avert a potential layoff. They can also connect firms that are reducing their workforce with firms that are adding workers.

Making Layoff Aversion Work

Opportunities for preventing layoffs are limited. When implemented, layoff aversion strategies are likely to work best with:

- early identification of a troubled firm and affected workers;
- adequate lead time to organize an effective response;
- broad partnerships that mobilize education, workforce, labor, and economic development resources; and
- sufficient capacity through outside business consultants or state personnel to assess the viability of firms and identify strategies.

Other states have begun to align workforce and economic development resources to help prevent economic dislocation. The state workforce agency in **Rhode Island** formed a new partnership with an affiliate of the national network of manufacturing extension partnerships funded by the U.S. Department of Commerce's National Institute of Standards and Technology. The new program offers chief executive officers and owners of manufacturing firms 20 hours of free technical assistance with a professional business advisor, who reviews financial and management data and develops an action plan for the firm.

Promoting short-term compensation as an alternative to layoffs. Some states also work with employers to implement short-time compensation or "worksharing," an option within the unemployment insurance system that can reduce the need for major layoffs. Under worksharing, employers reduce the hours of all workers, who then receive unemployment insurance benefits compensating them for some of the wages lost because of the reduction in their work schedule. This strategy enables employees to keep their jobs, health insurance, and other benefits and helps employers retain experienced workers that will be needed when business improves.

At least 18 states have enacted the enabling legislation needed to establish short-time compensation programs.[7] Several states, including **Connecticut**, **Massachusetts**, **Minnesota**, and **Texas**, have stepped up their efforts to market these programs to employers during the current economic downturn.

Increasing incumbent worker training. Training current employees is typically a longer-term strategy to help firms restructure in the face of global competition and technological change. Training also provides workers with the skills they need to retain their jobs or find new ones in the event of a layoff.

States use different strategies to finance incumbent worker training. Several states use WIA state-level funds to support incumbent worker training for firms or consortia of firms. Other states finance such training by drawing on state general revenues, a portion of employer contributions to the state unemployment insurance trust fund, or bond sales.[8]

Promoting Rapid Reemployment

Although some worker dislocations are preventable, many layoffs occur as a result of a changing economy. Faced with this challenge, states are taking steps to help dislocated workers find new jobs as quickly as possible. They are implementing strategies that are tailored to local economic needs and circumstances, establishing broad partnerships to link dislocated workers with needed services and job opportunities, and implementing new models to speed reemployment.

Developing regional approaches to providing reemployment services. Many states have established regional or local rapid response teams that provide timely and customized responses to businesses and workers. Following a large-scale layoff, business closure, or disaster, these teams contact affected employers and workers, provide information about public resources available to them, and connect them with needed services.

States have taken different approaches to decentralizing rapid response services. Some states, such as **Louisiana**, have appointed regional coordinators to manage all rapid response services in specified areas. Other states, such as **West Virginia**, have allocated a portion of WIA state-level funds to local workforce boards or other entities to provide rapid response services.

Reemployment Resources for State Leaders

Key resources available to state leaders include the following.

- **WIA state reserve**, funded with 15 percent of the annual formula grants for adults, dislocated workers, and youth.
- **WIA rapid response services**, funded with up to 25 percent of the annual formula grant for dislocated workers that each state receives.
- **National emergency grants**, funded by the U.S. Department of Labor to supplement state and local dislocated worker funds.

Establishing broad-based partnerships to reemploy dislocated workers. Many states establish committees composed of workers, employers, and community representatives to coordinate public-private resources and develop strategies to speed the reemployment of dislocated workers. These committees are often referred to as labor-management committees, worker adjustment committees, or community adjustment committees.

States organize these committees in different ways. In some states, such as **Michigan** and **Nebraska**, the committees work closely with local economic development agencies, including chambers of commerce and local business organizations. Other states, such as **Idaho**, ask dislocated workers to

serve as peer counselors who contact workers affected by a mass layoff, share information about programs and services with the affected workers, and encourage early enrollment in reemployment activities.

Developing new models to expedite reemployment. A few states are experimenting with new approaches to helping dislocated workers get back to work quickly. **Georgia**, for example, is pilot-testing the Frontline Decision Support System (FDSS), which helps staff and customers of one-stop career centers make more informed decisions on services and job prospects. One of FDSS's components helps unemployed workers evaluate the prospects for returning to a job like their previous one, provides a realistic assessment of their likely reemployment earnings, and identifies alternative occupations related to their prior one. Another system component identifies the sequence of services that will most likely lead each customer to employment.

Iowa recently launched an initiative to eliminate potential gaps in service for dislocated workers and upgrade the quality of reemployment services. Each region within the state will offer a standardized set of nine workshops. These workshops will address the most immediate needs of dislocated workers, including information on applying for unemployment compensation, coping with change, budgeting, going back to school, and starting a new job.

Training Laid-off Workers for New Jobs and Careers

State reemployment initiatives can help many dislocated workers with marketable skills find new jobs. However, some individuals who face greater difficulty in becoming reemployed need to upgrade their skills or develop new ones. At the same time, many businesses in emerging or growing employment sectors continue to demand a steady supply of skilled workers. To address these dual needs, states are designing flexible education and training options and providing training and tuition assistance for dislocated workers.

Designing flexible, demand-driven education and training programs. States are designing accelerated education and training options that meet the needs of dislocated adult workers and provide a supply of trained individuals for employers in expanding fields. **Georgia** is piloting fast-track teacher training programs that will prepare laid-off workers to fill vacancies in the state's classrooms. The state workforce agency in **Florida** recently began working with public higher education institutions and independent workforce training facilities to develop condensed training options that do not exceed 26 weeks, the usual duration of unemployment insurance benefits. These training programs will build on individuals' existing skills and lead to jobs in high-demand occupations in a short time.

Other states are investing in more flexible training options. Community colleges in **Michigan**, for example, have developed open-entry/open-exit and modularized programs that suit the schedules of dislocated workers and employed adults.

Exploring e-learning options. States also are exploring e-learning—instructional content or learning experiences provided by electronic technology—for adult-centered, work-related education and training. E-learning options provide enhanced flexibility, convenience, and self-pacing in the delivery of instruction for dislocated and other adult workers.

Investments in e-learning are increasing in many states. **New York**'s Department of Labor has contracted with NY Wired to develop e-learning modules in skill areas that employers need, such as soft skills and office productivity skills. These modules are made available to businesses, dislocated workers, and other individuals through local one-stop career centers. Many states are developing virtual universities or community colleges that provide dislocated workers and other individuals with flexible options for training and skill enhancement.[9]

Implementing employer-focused, industry-based training. Some states are testing new types of employer-focused, industry-based training as an alternative to existing programs for dislocated workers. For example, **Washington** is implementing Industries of the Future, a short-term, customized training program that matches dislocated workers, training providers, and employers in high-demand sectors. To date, partnerships in food processing, health care, construction, and other industries have received training grants drawn from state-level WIA funds.

Assembling training resources from multiple funding streams. Although WIA funds continue to be the primary source of funding to train dislocated workers, states are expanding the federal and state training resources available to dislocated workers. Several states, including **South Carolina** and **Utah**, have integrated WIA and Trade Act programs to maximize training, case management, and other resources. **Hawaii** uses a state-funded customized training program to train workers who have been furloughed and who are not eligible for WIA dislocated worker assistance. In **Pennsylvania**, an interagency team has pooled more than $24 million from federal and state programs to prepare displaced workers for available jobs in growing industries. The team responds rapidly to substantial job losses by awarding training grants to educational institutions and other eligible organizations.

Oklahoma has expanded resources to assist laid-off workers by making available a portion of state general revenue funds earmarked for vocational-technical education programs. The new program, Career Tech Earn, allocates state funds to 54 local vocational-technical institutions—called technology centers—for career exploration and guidance activities, efforts to document competencies, General Educational Development (GED) training, language training, skill upgrade training, and training in new skills.

Providing tuition assistance to dislocated workers. State-funded tuition assistance programs are another way to help dislocated workers interested in postsecondary education and training. Several states, including **Hawaii** and **Rhode Island**, have waived tuition for individuals who have lost their jobs and want to take courses offered at public postsecondary institutions. In addition, nearly all community colleges in **Pennsylvania** have begun offering tuition waivers for displaced workers. Other states have established extensive, state-funded tuition assistance programs. **Washington**'s Worker Retraining program, which is funded with state general revenues, helps defray the costs of tuition, books, fees, transportation, and child care for those losing their jobs because of economic changes and those receiving unemployment insurance benefits.

Using flexibility within Unemployment Insurance to provide training and offer extended income support. Some states encourage training for dislocated workers by drawing on flexibility within the unemployment insurance system. **Nevada's** Career Enhancement Program, which is funded with an employer assessment collected through the unemployment insurance contributions system, helps unemployed workers improve their job skills through short-term classroom instruction and on-the-job

training. It also provides basic skills training in GED preparation, math, and English as a Second Language. Other states, including **Massachusetts**, provide extended unemployment insurance benefits to help dislocated workers complete training that takes longer than the standard duration of benefits.

Establishing self-employment assistance programs as an option for some displaced workers. At least seven states have used another option within the unemployment insurance system to establish and operate self-employment assistance (SEA) programs that help some unemployed workers create their own job by starting a business. Through SEA programs, participants receive a self-employment allowance, in place of standard unemployment insurance benefits, while they are becoming self-employed. States must determine that SEA participants are unemployed workers who are likely to experience difficulties in finding new jobs quickly (i.e., are likely to exhaust their unemployment insurance benefits). States also must provide entrepreneurial training, business counseling, and technical assistance to SEA participants.[10]

Promoting Entrepreneurship for Displaced Workers

The Kauffman Center for Entrepreneurial Leadership recently announced that it will make proprietary education and training resources available to states, cities, and other entities to aid displaced workers in preparing for entrepreneurship. The center is providing states with maximum flexibility with respect to program structure, design, and eligibility. For more information, visit www.fasttrac.org.

Emerging Issues for States

Findings from the NGA Center for Best Practices survey point to two dominant trends in state efforts to avert or address dislocation. First, states are devising increasingly sophisticated strategies for preventing layoffs or minimizing the impact of layoffs on workers and businesses. Second, states are developing innovative training strategies to meet the needs of dislocated workers and to prepare them for occupations and industries with a strong demand for skilled workers.

The survey results also suggest that states are just beginning to develop next-generation policies and programs for assisting dislocated workers in an increasingly knowledge-based economy. The recent economic slowdown has highlighted various emerging issues, including:

- reexamining existing requirements for advance notice of layoffs, especially for firms in the fast-moving technology sector;
- integrating economic development, education, and workforce development resources in responding to dislocation;
- meeting the needs of increasingly diverse workers laid off from a wide range of industries, from manufacturing to high technology; and
- preparing less educated and less skilled displaced workers for the "hot" jobs in the knowledge-based economy.

States face growing pressure to address these and other issues as they respond to changing trends in worker displacement.

Lydia Faulkner and Jeffrey Goldings contributed significantly to the research and writing of this brief.

Endnotes

[1] Daniel Aaronson and Daniel G. Sullivan, "The Decline of Job Security in the 1990s," *Economic Perspectives* 22, (Chicago, IL: Federal Reserve Bank of Chicago, 1998). Also, see Ryan Helwig, "Worker Displacement in a Strong Economy," *Monthly Labor Review*, (Washington, DC: U.S. Bureau of Labor Statistics, June 2001) and Henry S. Farber, "Job Loss in the United States, 1981-1999," Working Paper #453, (Princeton, NJ: Industrial Relations Section, January 2001).

[2] American Management Association, *Staffing and Structure Survey*, (New York, NY: AMA, 2001).

[3] U.S. Bureau of Labor Statistics, *The Employment Situation: December 2001*, (Washington, DC: BLS, December 2001). Stats.bls.gov

[4] U.S. Bureau of Labor Statistics, *Extended Mass Layoffs in the Fourth Quarter of 2001*, (Washington, DC: BLS, February 2002). The large-scale layoffs tracked by BLS are extended mass layoffs defined as layoff events that last more than 30 days and involve fifty or more individuals from a single establishment filing initial claims for unemployment insurance benefits. Stats.bls.gov

[5] Thomas Croft, Draft Summary of Layoff Aversion Guidebook, (Duquesne, PA: Steel Valley Authority, 2001).

[6] Experts estimate that, for every 1000 job losses, it may be possible to save 250 jobs through effective use of layoff aversion strategies. See Thomas Croft.

[7] U.S. Department of Labor, Office of Workforce Security, *Comparison of State Unemployment Laws*, (Washington, DC: U.S. Department of Labor/ETA, January 2001). Also, Berkeley Planning Associates and Mathematica Policy Research, Inc., *Evaluation of Short-Term Compensation Programs*, (Washington, DC: U.S. Department of Labor/Employment and Training Administration, March 1997). http://wdr.doleta.gov/owsdrr/97-3/97-3.pdf. This report suggests some best practices and lessons learned from management, technological, rule-making and marketing reforms undertaken by individual states administering Short-time Compensation programs. The report also concludes that Short-time Compensation programs have a negligible effect on the solvency of state UI programs. This conclusion, offered during a period of progressive economic growth, arguably may not be applicable during the current sustained economic downturn, which has placed significant financial burdens on state UI budgets.

[8] For more information, see NGA Center for Best Practices, *A Comprehensive Look at State-Funded, Employer-Focused Job Training Programs*, (Washington, DC: NGA, 1999). www.nga.org

[9] NGA Center for Best Practices, *State of E-learning in the States* (Washington, DC: National Governors Association Center for Best Practices, 2001). www.nga.org

[10] DTI Associates, Inc., *Comprehensive Assessment of Self-Employment Assistance Programs*, (Washington, DC: U.S. Department of Labor Office of Workforce Security, June 2001). http://wdr.doleta.gov/owsdrr/papers/sea.pdf. Overall, the report found that participants achieved significant levels of self-employment, labor market attachment, and overall work satisfaction. The report analyzed SEA programs in three states, Maine, New Jersey, and New York, and concluded SEA programs were providing other options for reemployment for dislocated workers and facilitating self-employment. Finally, the report contained some specific service delivery, demographic, and employment outcome findings and offer policy and programmatic recommendations for consideration.

Appendix A: Selected State Strategies for Assisting Dislocated Workers

Anticipating and Averting Layoffs

Using data to anticipate layoffs

- **Florida** conducts industry studies to examine the economic and employment outlook for key industries at the national, state, and local levels. This analysis is then used to prepare for major dislocations and develop appropriate rapid response and reemployment services. The industry studies draw heavily upon robust labor market information and analysis produced by the state workforce agency. Contact: Lucy Hadi, Florida Agency for Workforce Innovation, (Lucy.Hadi@awi.state.fl.us)

- **Washington** produces an electronic "red flag" report that describes the current status of all potential substantial layoffs and the number of workers affected. This report, which is published twice per month, is distributed to state agencies and local workforce development boards. Production of this report is funded with WIA state-level 25 percent dislocated worker funds. Contact: Kathy Dijulio, Washington Employment Security Department, (KDiJulio@ESD.WA.GOV)

Developing an early warning network to trigger services

- **Pennsylvania** contracted with the Steel Valley Authority, a regional development agency, to form a strategic early warning network that monitors the health of manufacturing businesses in 21 western Pennsylvania counties and implements strategies to retain threatened companies and jobs. The network includes a regional retention team composed of representatives from the governor's office, the state dislocated worker services unit, economic development organizations, unions and other organizations. Team members and other stakeholders provide informal referrals about troubled firms and track formal indicators of business distress, such as hiring freezes, slow or delayed payment of bills to suppliers or vendors, and lost manufacturing contracts. Based on the referrals and formal indicators, the Steel Valley Authority provides various business retention services to troubled firms. At least 8,500 jobs have been retained since the network's launch in 1993. Contact: Linda Sansom and Timothy Bittle, Pennsylvania Department of Labor and Industry, (lsansom@state.pa.us)

Implementing business retention strategies

- **Michigan**, since the early 1980s, has used prefeasibility studies to analyze the viability of distressed businesses and determine the potential for employee ownership and other purchase options. Outside consultants are usually retained to conduct the studies, which are authorized by the governor and funded with Workforce Investment Act (WIA) 25 percent rapid response funds. Contact: Jim Houck, Michigan Department of Career Development, (HOUCKJ@michigan.gov)

- **New York**, beginning in program year 2000, has provided WIA rapid response funds to local areas to implement business retention and layoff aversion strategies. Contact: Margaret Moree, New York State Department of Labor, (Margaret.Moree@Labor.State.Ny.Us)

- **Arkansas**, **New Hampshire**, **North Dakota**, and **Wyoming** are other states that provide business retention and layoff aversion services.

Partnering with economic development agencies

- **Rhode Island**'s state workforce agency is working with the Rhode Island Manufacturers Extension Service, an affiliate of the national network of manufacturing extension partnerships funded by the U.S. Department of Commerce's National Institute of Standards and Technology, to launch Management 911, a new program to help small manufacturing firms affected by the economic downturn. The program offers chief executive officers and owners of manufacturing firms 20 hours of free technical assistance with a professional business advisor supplied by the Manufacturers Extension Service. The advisor reviews financial and management data and develops an action plan for the firm. In addition, the Rhode Island Manufacturers Extension Service is working with local banks to help companies restructure debt and financing. The Manufacturing Extension Partnership network has centers in all 50 states. For more information, visit the web site http://www.mep.nist.gov/index2.html Contact: Sandra Powell, Department of Labor and Training (SPowell@DLT.state.ri.us)

- **New Hampshire** has closely aligned rapid response services for dislocated workers with business retention and economic development services. The director of rapid response services, who is an employee of the New Hampshire Department of Resources and Economic Development, is well positioned to connect contracting businesses with economic development resources that can be used to avert a potential layoff. The director can also establish effective linkages between firms that are reducing their workforce and firms that are expanding their workforce. Contact: Duncan Phillips, New Hampshire Workforce Opportunity Council (dphillips@NHWorkforce.org)

- The **Missouri** Department of Economic Development houses workforce development programs and business expansion and attraction services. Recently, the agency launched an extensive cross-training process that involves staff from both workforce and economic development programs. Integration of these programs within a single agency strengthens the delivery of rapid response services to affected workers and the delivery of layoff aversion activities to affected businesses. Integration is also expected to help bring new jobs to communities that have lost jobs through layoffs and plant closings. Contact: Rick Beasley, Missouri Department of Economic Development, (RBeasley@co.wfd.state.mo.us)

- **Kentucky**, **Louisiana**, **North Carolina**, **and Oklahoma** are other states that are aligning workforce and economic development resources for dislocated workers.

Promoting short-time compensation as an alternative to layoffs

- **Connecticut** is one of about 18 states that have enacted enabling legislation for a short-time compensation program. The state's Shared Work Program allows businesses to reduce the hours and wages of some or all of their employees, while allowing those participants to receive partial unemployment insurance benefits to supplement their lost wages. Program requirements include the following.

- Four or more full-time employees must participate.
- Employees must have a reduction of hours and wages of not less than 20 percent and no more than 40 percent.
- The plan must be implemented in lieu of a layoff of an equivalent percentage of employees, and employees' fringe benefits cannot be eliminated during the plan.
- An individual must be available for work and available for full-time work with the participating employer.

Contact: Paul Oates, Connecticut Department of Labor 860-263-6539

- Eighteen states have short-time compensation programs: **Arizona**, **Arkansas**, **California**, **Connecticut**, **Florida**, **Iowa**, **Kansas**, **Louisiana**, **Maryland**, **Massachusetts**, **Minnesota**, **Missouri**, **New York**, **Oregon**, **Rhode Island**, **Texas**, **Vermont**, and **Washington**. For more information on these programs, see a recent evaluation http://wdr.doleta.gov/owsdrr/97-3/97-3.pdf

Increasing incumbent worker training

- **New York** began using manufacturing training grants in 2000 to provide training to current employees in new processes, skills, and aptitudes in order to help businesses adapt to changing economic conditions and reduce the need for plant closures and layoffs. This program, which is funded with the governor's 15 percent WIA funds, is available to small, medium-size, and large manufacturing firms or to consortia of firms. The grant can be used for basic skill training and skill upgrading. Contact: Margaret Moree, New York State Department of Labor, (Margaret.Moree@Labor.State.Ny.Us)
- **Florida**, **Idaho**, **Louisiana**, **Minnesota**, **Montana**, **Oklahoma**, and **Tennessee** are other states using incumbent worker training as a layoff aversion strategy. Most of these states have used state funds to expand incumbent worker training.

Promoting Rapid Reemployment

Developing regional strategies for rapid reemployment

- **Louisiana**'s Department of Labor (LDOL) has divided the state into eight service areas and appointed six Regional Rapid Response Coordinators to cover those eight areas. While two State Rapid Response Coordinators in Baton Rouge oversee, manage, and monitor the statewide program, the Regional Coordinators oversee all rapid response services in their area. The Regional Coordinators help establish mini-career centers called "Workforce Transition Centers" on-site for employers facing a downsizing or closure. Services at each Workforce Transition Center are customized to meet employer/employee needs. Centers operate in hours convenient to the affected workers and provide staff and loan laptop computers to allow on-site access to unemployment insurance, job placement, readjustment and retraining services. The centers also offer workshops on job searching, debt management, financial planning, starting your own business, and social security, veteran's services, and other issues. Contact: Janet Bevan, Louisiana Department of Labor (JBevan@ldol.state.la.us)

- In **Texas** each of the 28 local workforce development boards has a local rapid response coordinator who is responsible for coordinating reemployment services after the state dislocated worker unit has contacted the employer and held on-site meetings with affected workers. The state has developed standards for high-quality rapid response services provided at the local level. In addition, five state staff are out-stationed in five major urban areas to provide rapid response services to employers announcing layoffs or business closures that affect 50-100 workers. Contact: Joe Yacono, Texas Workforce Commission (Joe.Yacono@twc.state.tx.us)

Decentralizing responsibility and funding

- **West Virginia's** Governor's Workforce Investment Office has allocated rapid response funds to the local Workforce Investment Boards to provide local rapid response and reemployment services for companies that lay off 49 or fewer employees and/or close their facility. Contact: David Lieving, Workforce Investment Office (dlieving@wvdo.org)
- Other states that have developed regional approaches to rapid reemployment or decentralized responsibility and funding for rapid response services are **Florida**, **Nebraska**, **New Hampshire**, **North Carolina**, **North Dakota**, **Vermont** and **Wyoming**.

Establishing broad-based partnerships to reemploy dislocated workers

- **Michigan** has established joint adjustment committees (JACs) for layoffs of 100 or more employees. Working closely with local economic development agencies, including chambers of commerce and local business organizations, JACs provide job leads and develop reemployment initiatives to assist dislocated workers. The data collected on these projects indicate substantial increases in participation rates in training and dislocated worker services. Contact: Jim Houck, Michigan Department of Career Development, (HOUCKJ@michigan.gov)
- **Idaho** recently enhanced six of its 51 labor management committees by increasing their emphasis on peer support. Dislocated workers serve on these committees to promote service utilization and improve communications between service providers and impacted workers. The peers maintain a file on the laid-off workers and ensure that workers are kept informed of available services. These peer efforts have reportedly resulted in improved communication and service utilization. Contact: Cheryl Brush, Idaho Department of Labor, (cbrush@labor.state.id.us)
- Nearly all states use labor management committees or other adjustment committees to help dislocated workers find jobs quickly. **Pennsylvania** has also used peer counselors.

Developing new models to expedite reemployment

- **Iowa** Advantage aims to create a standardized set of early intervention services that will facilitate the rapid reemployment of all dislocated workers. A standard set of workshops will be available in each region of the state to help eliminate the lapse in services that often occurs as programs gear up after the rapid response to implement dislocated worker services. Each region will offer the same nine workshops with a core curriculum established by the state, including information on applying for unemployment compensation, coping with change, budgeting, going back to school, and starting a new job. Local areas have flexibility to add

other elements to the curriculum to address specific issues for affected individuals. Iowa Advantage services will be available to all workers impacted by plant closings and layoffs on a regularly scheduled basis. Special provisions will be made for any single dislocation event affecting 30 or more individuals or for any combination of events in a community affecting 30 or more workers. Contact: Ted Harms, Iowa Workforce Development, (Ted.Harms@iwd.state.ia.us)

- **Georgia** is working with the U.S. Department of Labor and the W.E. Upjohn Institute for Employment Research to pilot-test the Frontline Decision Support System. This system helps staff and customers in one-stop career centers make more informed decisions on services and job prospects. One component helps unemployed workers evaluate the prospects for returning to a job like their previous one, provides a realistic assessment of their likely reemployment earnings, and identifies alternative occupations related to their prior one. Another component identifies the sequence of services that will most likely lead each customer to employment. For more information, see http://www.upjohninst.org/publications/newsletter/rwe_1001.pdf Contact: Kim Kornokovich, Georgia Department of Labor (Kim.Kornokovich@dol.state.ga.us)
- **Florida**, **Washington**, and **West Virginia** are other states that are implementing new reemployment models.

Training Laid-off Workers for New Jobs and Careers

Designing flexible, demand-driven education and training programs

- **Florida** has recently launched Operation Paycheck in response to increasing layoffs in tourism and other industries. The initiative helps displaced workers move from declining to growing sectors of the economy. The state workforce agency is working with state universities, community colleges, vocational-technical centers, and independent workforce training facilities to develop condensed training options that build on individuals' existing skills and lead to reemployment in high-demand occupations in a short period. Most training programs will not exceed 26 weeks, the usual duration of unemployment insurance benefits. Operation Paycheck is funded with national emergency grant, WIA state-level reserve, and WIA rapid response funds. Contact: Lucy Hadi, Agency for Workforce Innovation (Lucy.Hadi@awi.state.fl.us) and Dr. Lanny Larson, Division of Community Colleges (lanny@flccs.org)
- Teaching colleges at fifteen of **Georgia**'s public universities have established a fast-track teacher training program that will prepare laid-off, college-educated professionals to fill vacancies in the state's classrooms. For more information, see http://www.gcsu.edu/acad_affairs/school_ed/georgiaresponds/

Exploring e-learning options

- **New York**'s Department of Labor has contracted with NY Wired to develop e-learning modules in skill areas that employers need, such as soft skills and office productivity skills. These modules are made available to businesses, dislocated workers and other individuals through local one-stop career centers.

This initiative is supported with WIA state-level reserve funds. Contact: Margaret Moree, New York State Department of Labor, (Margaret.Moree@Labor.State.Ny.Us)

- **Michigan** and **Utah** are other states that are promoting the use of distance learning.

Implementing employer-focused, industry-based training

- **Washington** is implementing Industries of the Future, a short-term, customized training program that matches dislocated workers, training providers, and employers in high-demand sectors. Local workforce development boards, called workforce development councils, select a targeted industry; convene a partnership of businesses in the targeted industry, associations, labor organizations, and training providers; and help select an appropriate public or private training provider. Funding for the grants comes from a combination of WIA state-level reserve funds and WIA state-level dislocated worker funds. To date, grants have been issued to partnerships in food processing, health care, construction, and other industries. Contact: Ross Wiggins, Washington Employment Security Department, (RWiggins@ESD.WA.GOV)

Assembling training resources from multiple funding streams

- **South Carolina** and **Utah** have integrated WIA and Trade Act programs to maximize training, case management, and other resources.

- **Oklahoma** has expanded resources to assist laid-off workers by making available a portion of state general revenue funds earmarked for vocational-technical education programs. The new program, Career Tech Earn, allocates state funds to 54 local vocational-technical institutions—called technology centers—for career exploration and guidance activities, efforts to document competencies, General Educational Development (GED) training, language training, skill upgrade training, and training in new skills. The training programs may be short-term programs or longer-term programs leading to certification. Career Tech Earn is expected to supplement training resources provided through other programs, so it is not available to individuals who receive WIA, vocational rehabilitation, or other program funding. Individuals can find out about the new resources through the local technology center or by referral from a local one-stop career center. Contact: Terry Watson, Oklahoma Employment Security Commission, (Terry.Watson@oesc.state.ok.us) and Ron Duggins, (ron_duggins@okcareertech.org)

- **Pennsylvania**, recognizing that the state's response to workforce needs must be rapid and aggressive, has unveiled a new tool to boost workforce development—Critical Job Training Grants—encouraging eligible organizations to apply via an Internet-based single application. The grants are designed to give displaced workers quick access to training, retraining, and education for high-demand jobs and occupations with immediate openings. The recent legislation establishing the grants specifies that, upon determination by the Secretary of Labor and Industry that economic or other events have resulted in substantial job losses or in a critical shortage of occupations or skills for existing jobs (a determination recently made), a rapid response committee consisting of the Secretaries of Public Welfare, Education, Aging, Community and Economic Development, and Labor and Industry will be established to award the grants. The committee has the responsibility of identifying federal and state funding sources that can be pooled for the grants. Eligible organizations, which are responsible for matching 25 percent of the requested funding, include school districts,

intermediate units, vocational-technical schools, post-secondary institutions, local workforce-investment boards, businesses, and public agencies that provide workforce services and activities. The first grant of $600,000 in mid-February went to a consortium of hospitals and other health organizations that will train displaced and other workers for high-demand jobs in health care. Contact: Steven Loux, Pennsylvania Governor's Office sloux@state.pa.us

Providing tuition assistance to dislocated workers

- **Hawaii** recently announced tuition waivers for credit courses for individuals who lost their jobs as well as their dependents and spouses who meet the federal requirement for inclusion in the laid-off worker's household. The waivers, which are not guaranteed beyond the 2002 spring semester, apply to credit courses offered at public two-year community colleges and four-year universities. For more information, http://www.hawaii.edu/tuition/911waiver/
- **Washington** established the Worker Retraining program in 1993 to retrain dislocated workers and long-term unemployed workers. Initially funded through the unemployment insurance trust fund, it is now funded from the state general revenue fund. The program helps defray the costs of tuition, books, fees, transportation, and child care for those losing their jobs because of economic changes and those receiving UI benefits. Training in basic skills and literacy, vocational education, and apprenticeship training are available through public community and technical colleges and private career schools. About 10,000 individuals are served every year. Contact: Rich Nafziger, Washington State Board for Community and Technical Colleges, (rnafziger@sbctc.ctc.edu)
- Nearly all community colleges in **Pennsylvania** also are waiving tuition for displaced workers. Policies vary from college to college.

Using flexibility within UI to provide training and offer extended income support for training

- **Nevada**'s Career Enhancement Program (CEP) was created in 1989 to help unemployed workers improve their job skills through short-term classroom instruction and on-the-job training. It also provides basic skills training in GED preparation, math, and English as a Second Language. CEP staff assist program participants with various job search activities, including resume-writing, job referral, and job development. During the past five years, the program's emphasis has shifted from long-term training to quick reemployment. Since its inception, the program has been funded with an employer assessment that is collected through the UI contributions system. Contact: Ross Whitacre, Nevada Department of Employment, Training and Rehabilitation, rewhitacre@nvdetr.org
- **Florida**'s Training Investment Program (TIP) provides up to 26 weeks of additional unemployment compensation benefits for eligible dislocated workers who are engaged in training for new, high-demand occupations. State law permits up to $16.6 million in TIP benefits to be paid annually out of Florida's unemployment compensation fund. Contact: Lucy Hadi, Florida Agency for Workforce Innovation, (Lucy.Hadi@awi.state.fl.us)
- **Massachusetts** and **Washington** are other states that provide extended benefits for training.

Establishing self-employment assistance programs

- **Delaware**, **Maine**, **Maryland**, **New Jersey**, **New York**, **Oregon**, and **Pennsylvania** operate UI-based self-employment assistance programs, which require enabling state legislation. Recent evaluations conducted for the U.S. Department of Labor found that these programs generate high rates of self-employment and high rates of reemployment for some dislocated individuals. For more information, see http://wdr.doleta.gov/owsdrr/papers/sea.pdf
- **Massachusetts** runs an entrepreneurial training program available to dislocated workers. For more information, see http://www.commcorp.org/BES/Enterprise/default.htm Contact: Peg Ryan, Commonwealth Corporation (Pryan@commcorp.org)

Appendix B: Tools for State Policymakers

Income Support Programs

Unemployment Insurance (UI)
UI provides temporary financial assistance to workers who lose their jobs through no fault of their own. Eligibility, including benefit amount, is determined by state law and generally is based on wages earned or time worked during recent periods. Regular benefits are available for up to 26 weeks in most states; extended benefits may add up to 13 more weeks during periods of high unemployment.

Disaster Unemployment Assistance (DUA)
DUA provides financial assistance to individuals whose employment or self-employment has been lost or interrupted as a direct result of a major disaster declared by the president. Assistance is available to individuals who are not receiving regular UI benefits, and DUA can be collected for up to 26 weeks after the disaster is declared.

Trade Act Readjustment Allowances (TRA)
The Trade Adjustment Assistance program covers workers who lose jobs as a result of competition from imports. The North American Free Trade Agreement-Transitional Adjustment Assistance program offers services to workers whose companies have been directly or indirectly affected by increased imports from, or a shift of production to, Mexico or Canada. Both programs provide weekly payments (TRAs) to eligible workers. Generally, TRA payments are equal to the weekly benefits of a state's UI program and may be paid for up to 52 weeks after regular UI benefits are exhausted.

Dislocated Worker Services

Employment Services
The Wagner-Peyser Act allocates funds to each state to provide public employment services through the Internet and local offices. Services are free to job seekers and include labor exchange, employability assessment, reemployment services, job search workshops, and referral to jobs.

Workforce Investment Act (WIA) Rapid Response Services
WIA provides rapid response services to workers following large-scale layoffs, plant closings, or disasters. Rapid response services aim to help workers make the transition to new employment as quickly as possible and are funded with up to 25 percent of the annual formula grant that each state receives under WIA for dislocated worker services. A recent DOL guidance letter contains principles for delivering rapid response services.

WIA Dislocated Worker Services
WIA may provide core, intensive, training and supportive services (including needs-related payments) for eligible dislocated workers through one-stop career centers and other access points. Local workforce boards or agencies receive at least 60 percent of the annual formula grant that each state receives under WIA for dislocated worker services.

WIA State Reserve

WIA includes a state reserve, funded with 15 percent of the annual formula grant that each state receives under WIA. States may use funds from the reserve to implement incumbent worker training programs that help avert layoffs, conduct research and demonstration projects, and provide other dislocated worker services.

WIA National Emergency Grants

The U.S. Department of Labor issues national emergency grants to supplement dislocated worker funds to states, local workforce boards, and other eligible entities to respond to the needs of dislocated workers and communities affected by major economic dislocations, such as plant closures, mass layoffs, and emergencies or natural disasters.

Trade Adjustment Assistance

In addition to income support, the Trade Adjustment Assistance and North American Free Trade Agreement-Transitional Adjustment Assistance programs may provide up to 104 weeks of training to eligible individuals. Other services include job search and relocation allowances.

U.S. Department of Education
Office of Educational Research and Improvement (OERI)
National Library of Education (NLE)
Educational Resources Information Center (ERIC)

NOTICE

Reproduction Basis

X	This document is covered by a signed "Reproduction Release (Blanket)" form (on file within the ERIC system), encompassing all or classes of documents from its source organization and, therefore, does not require a "Specific Document" Release form.
	This document is Federally-funded, or carries its own permission to reproduce, or is otherwise in the public domain and, therefore, may be reproduced by ERIC without a signed Reproduction Release form (either "Specific Document" or "Blanket").